



RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
TALENT INVESTMENT AGENCY  
**UNEMPLOYMENT INSURANCE AGENCY**  
SHARON MOFFETT-MASSEY, UIA DIRECTOR

STEPHANIE COMAI  
DIRECTOR

## Questions and Answers about Changes to the Taxable Wage Base

**Q. Why is the taxable wage base changing?**

A. Amendments to the Michigan Employment Security Act in 2011 included both a taxable wage increase from \$9,000 to \$9,500 and also a bond obligation assessment. These amendments were enacted as a result of the depletion of the Unemployment Trust Fund during the Great Recession. With these amendments, the Legislature also enacted a triggering mechanism which decreased the taxable wage base from \$9,500 to \$9,000 when the Trust Fund balance is expected to maintain a \$2.5B balance for two consecutive quarters. As of July 27, 2015, this condition has been met. The taxable wage base will be \$9,000 effective with the 3<sup>rd</sup> quarter 2015 filings.

**Q. What does this mean for my business?**

A. Because the taxable wage base, the annual amount of an employee's wages upon which employers are required to pay unemployment taxes has decreased, most non-delinquent contributing employers will likely pay less in unemployment taxes for the upcoming quarters.

**Q. Is every liable employer eligible for this?**

A. This applies only to contributing employers who are not delinquent in the payment of unemployment contributions, penalties or interest.

**Q. When will the taxable wage base be lowered from the current \$9,500 to \$9,000?**

A. The taxable wage base decrease will be effective with the third quarter 2015 filing of your quarterly report.

**Q. Are all employers eligible to receive the \$9,000 (lowered) taxable wage base?**

A. No. Reimbursing employers are excluded. Additionally, contributing employers who are delinquent in the payment of unemployment contributions, penalties or interest are also excluded.

**Q. What makes an employer delinquent?**

A. An employer is delinquent in the payment of unemployment contributions, penalties, or interest if on August 15, 2015, the contributing employer has an outstanding balance owed to the Agency of at least \$25.

**Q. How do I know if my employer has a delinquency such that the taxable wage base reduction will not apply?**

A. Check your MiWAM account (state law requires all employers to file through MiWAM).

**Q. If an employer is delinquent, but still wants to benefit from the taxable wage base reduction, how do they do it?**

A. An employer must pay off their balance so that they are no longer delinquent for purposes of benefitting from the taxable wage base reduction. If, for example, an employer reviews their online account via the Michigan Web Account Manager (MiWAM) showing a delinquency owed to the Agency in the amount of \$1,250, paying that balance off in full will resolve the delinquency and that employer will not be excluded. But, it is very important that the delinquency is paid off – received by the agency and credited to the employer’s account – on or before August 15, 2015. Payments may be made either electronically, through MiWAM, or by check to the UIA. Write your UIA Account Number on your check and mail to: 3024 W. Grand Blvd., Suite 12-600, Detroit, MI 48202.

**Q. If the taxable wage base reduction takes effect, how will my organization’s unemployment tax obligations be affected?**

A. If your organization is a non-delinquent contributing employer, your Michigan unemployment tax obligations will be less.

**Q. When the taxable wage base is lowered in the 3<sup>rd</sup> Quarter 2015, does this mean I will receive a refund for the amount I paid in the first and second quarters 2015?**

A. No. The \$9,000 taxable wage base takes effect beginning with the 3<sup>rd</sup> quarter 2015.

**Q. Is the \$9,000 taxable wage base permanent?**

A. No. If the Trust Fund balance falls or is projected to fall below \$2.5 billion dollars, the taxable wage base limit will increase to \$9,500.

**Q. Will the correct taxable wage base amount automatically be programmed into the UIA system?**

A. The correct taxable wage base will be programmed into the system.

**Q. I am a third party payroll provider; does the change in the taxable wage base mean I may have to make internal programming changes to my system?**

A. Yes, you will have to change the taxable wage base limit from \$9,500 to \$9,000 for the employers that qualify for the lowered taxable wage base.